

APPENDIX B

The Proposed Cedar Grove Project Affordable Housing Demand Review

Note Regarding Definition of Affordable Housing and Moderate Income Housing

Throughout the Cedar Grove Affordable Housing Project Draft EIS/EIR, as described in Section 3.2.1, “Household Income,” the definition of affordable housing is based on Chapter 2 of the TRPA Code of Ordinances, which states:

“Residential housing, deed restricted to be used exclusively for lower-income households (income not in excess of 80 percent of the respective county’s median income) and for very low-income households (not to exceed 50 percent of the respective county’s median income). Such housing units shall be made available for rental or sale at a cost that does not exceed the recommended state and federal standards. Each county’s median income will be determined according to the income limits published annually by the Department of Housing and Urban Development [Amended 9/25/96]. For multi-person dwellings, the affordable housing determination shall be made using each resident’s income and not the collective income of the dwelling [Amended 6/27/01].”

The Draft EIS/EIR also refers to “moderate income” housing, which is defined throughout the document as income not in excess of 120 percent of the Placer County median income.

Although the following report, *The Proposed Cedar Grove Project Affordable Housing Demand Review* (October 2004), refers to moderate-income households as households with incomes at 80 percent of median income up to 120 percent of median income, it should be noted that the Draft EIS/EIR utilized the data from this study based on the definition of affordable being up to 80% of median income and moderate being up to 120% of median income (as shown in Section 3.2, “Purpose and Need”).

The Proposed Cedar Grove Project Affordable Housing Demand Review

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**Prepared For:
Tahoe Regional Planning Agency**

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1.0 INTRODUCTION

Project Location

The Cedar Grove Affordable Housing Project (project) site is located in the community of Tahoe Vista, Placer County, California. Regional access to the site is provided by California State Route (SR) 28 and SR 267. The 12.5-acre project site is located approximately one-quarter mile north of Lake Tahoe and about one mile west of the intersection of SR 28 and SR 267. The site is currently undeveloped, forested land with dense stands of pine, fir, and cedar. The Placer County Assessor's Parcel Number (APN) for the project site is 112-050-001. The project site within Tahoe Vista and the surrounding land uses include residential uses to the east and west, tourist-oriented uses to the south along SR 28, and the North Tahoe Regional Park provides recreational land uses to the north. The proposed primary access road from SR 28 is National Avenue. Entrance roads are proposed at the western ends of Grey Lane and Toyon Road. An emergency access road is proposed along Wildwood Road, near the northwest corner of the site.

Affordable Housing Development Corporation, Inc. (AHDC) is the project applicant. The basic elements of the project provide for:

- A 152-units of affordable rental housing to serve the needs of the North Tahoe area and reduce relocation of workforce families out of the Tahoe area in search of affordable housing.
- Long-term affordable housing to Tahoe workers and their families.
- Safe and professionally-managed and professionally-maintained housing.
- New affordable housing units that are economically viable to construct and environmentally sound on the land.
- The highest and best use of the property, including by construction of affordable housing at a density that is best suited to the need for affordable housing and the site's proximity to services (Spann, pers. comm., May 13, 2004).

Outdoor amenities would include playground equipment for children of all age ranges, barbeques, picnic tables and open play areas. A total of 278 on-site uncovered parking stalls are proposed. Twenty-one (21) of the apartment buildings are proposed to be two stories tall, and one building is proposed to be single story.

Cedar Grove would be professionally managed and would provide a variety of social and educational services such as formation of a resident council and neighborhood watch program, job training, healthcare training, computer training, finance management training, and credit counseling. The provision of these services is intended to enhance and enrich the lives of the residents of Cedar Grove. The property manager would screen all potential residents for credit, income verification, past rental history, and criminal records. Enforcing the rules of the apartment complex, including occupancy limits, would be the responsibility of the on-site resident manager and assistant manager, who would both be professionally trained. Regular maintenance schedules would be followed by professional maintenance companies for landscape, driveways, parking areas, lighting, snow removal, and other recurring maintenance needs.

All apartment rentals would be subject to leases intended to enforce the rules of the apartment complex. The leases would include provisions intended to encourage long-term tenancy for residents who comply with the rules of the complex. Rent increases would occur once a year, and only in proportion to increases in the area-wide median income. To ensure long-term affordability of the apartment units, the applicant would be required to enter into a regulatory agreement with the California Tax Credit Allocation Committee that would be recorded on the land requiring the affordability levels to be held for a period of 55 years. Other funding sources provided by Placer County requires covenants and continual monitoring to ensure occupancy complies with program affordability requirements.

The applicant's intent is to provide affordable housing to local employees at Cedar Grove. Once Cedar Grove is ready for occupancy local advertising efforts would be made to inform local families that might be interested in living at the complex. Advertising in local Tahoe newspapers would be utilized and notices to local employers, schools, and community groups would be distributed. Every effort would be made to notify the local Tahoe communities of the availability of housing at Cedar Grove (Spann, pers. comm., May 13, 2004). It may also be possible to occupancy application preferences of eligible families living in the project area (north Lake Tahoe and Truckee).

PURPOSE AND STUDY AREA

The purpose of this analysis is to:

- Determine the overall demand for affordable housing as provided by Cedar Grove,
- Identify other factors in the study area that may contribute to the project's overall feasibility and need, and;

- Determine priority housing demand for the proposed project.

Study Area

The study area includes Tahoe Vista/Kings Beach as well as other Lake Tahoe Basin communities in Placer County. The study area is predominately broken out by Census Designated Places (CPD) and Census County Division as shown in Figure 1. Census Block Groups 220.01-4, 5, and 6 represent Squaw Valley/Alpine Meadows and Northstar/Martis. Additionally, areas outside the Lake Tahoe Basin were also included in the analysis, most notably the Town of Truckee and the eastern portion of Nevada County.

Study area Map-

2.0 CEDAR GROVE HOUSING DEMAND

Chapter 2.0 describes the overall housing demand based upon the 2000 Census information. The 2000 Census is used because it is the only source that provides both household demographic and income data for various areas in the Lake Tahoe Basin. No other sources except individual surveys would be able to provide the information necessary to estimate affordable housing demand. This chapter also defines the overall demand for affordable housing based upon qualifying household incomes that are adjusted for households size, and incorporates a discussion of the extent to which a housing cost burden exists in the study area. Section 2.1 defines the approximate household income range that would qualify for the proposed Cedar Grove project.

2.1 Project Household Income Requirements

The Tahoe Regional Planning Agency (TRPA) defines affordable housing as: Residential housing, deed restricted to be used exclusively for lower-income households (income not in excess of 80 percent of the respective county's median income) and for very low-income households (not to exceed 50 percent of the respective county's median income). Such housing units shall be made available for rental or sale at a cost that does not exceed the recommended state and federal standards. Each county's median income will be determined according to the income limits published annually by the Department of Housing and Urban Development. [Amended 9/25/96] For multi-person dwellings, the affordable housing determination shall be made using each resident's income and not the collective income of the dwelling (TRPA Code of Ordinances, Chapter 2-Definitions).

Housing is said to be affordable when the gross monthly costs including essentials utilities do not exceed 30 percent of the monthly households income. Households paying more than 30 percent of the income on housing are incurring a housing cost burden. This definition is particularly true for households below the median income.

The median income in TRPA's affordable housing definition refers to the annual median income determined by the U.S. Department of Housing and Urban Development (HUD). Table 1 shows both the HUD median income estimates and the Census 2000 median household income adjusted for household size. Table 1 also shows incomes for households at 80, 60, and 50 percent of median income for different household sizes. Inclusion of incomes at 50 and 60 percent of the median is due to the affordability requirements established by state and federal financing sources that are likely to be used for the development of the proposed Cedar Grove project. Together, the TRPA affordable housing definition and the affordable housing finance programs establish a range of income eligibility for Cedar Grove. Table 1 shows both the Census and HUD income distributions for 2000. Both the Census and HUD estimates are show for purposes of comparing actual with estimates. The 2000 Census showed a median household income of \$48,583. The HUD formulas for adjusting median household income by size of household are applied to the Census figure.

Table 1
Household Income
By Family Size
Placer County, CA. 2000

Census	1 person	2 person	3 person	4 person	5 person	6 person	7 person	8 person
Median Income	\$34,008	\$38,866	\$43,725	\$48,583	\$52,470	\$56,356	\$60,243	\$64,130
80 percent	\$27,206	\$31,093	\$34,980	\$38,866	\$41,976	\$45,085	\$48,194	\$51,304
60 percent	\$20,405	\$23,320	\$26,235	\$29,150	\$31,482	\$33,814	\$36,146	\$38,478
50 percent	\$17,004	\$19,433	\$21,862	\$24,292	\$26,235	\$28,178	\$30,121	\$32,065
HUD .								
Median Income	\$37,030	\$42,320	\$47,610	\$52,900	\$57,132	\$61,364	\$65,596	\$69,828
80 percent	\$29,624	\$33,856	\$38,088	\$42,320	\$45,706	\$49,091	\$52,477	\$55,862
60 percent	\$22,218	\$25,392	\$28,566	\$31,740	\$34,279	\$36,818	\$39,358	\$41,897
50 percent	\$18,515	\$21,160	\$23,805	\$26,450	\$28,566	\$30,682	\$32,798	\$34,914

Source: U.S. Department of Housing and Urban Development and Census, 2000.

The median income represents a midpoint where half the households are above the median income and half are below. Table 1 focuses on 2000 instead of 2004 because the Census provides the only available comprehensive set of data to determine overall demand for affordable housing in the project area. In 2004, the median household income estimated by the U.S. Department of Housing and Urban Development increased to \$64,400 for a four-person household (See Table 6).

The Cedar Grove Project proposes to build rental housing at rates that are generally affordable to households with incomes at or below 80 percent of median to approximately 50 percent of median income. This range was determined by the TRPA affordable housing definition and financing requirements of state and federal housing assistance programs. The project will generally be able to accommodate 1 to 6 person households. Using the income range boundaries of 50 percent to 80 percent and a family size of 1 to 6 persons in Table 2, a qualifying household income range would extend from approximately \$49,091 for a six person household to \$17,004 for a one person household (See Table 1). These income ranges are highlighted in Table 1. Because the Census reports household income usually in increments of \$5,000, the qualifying range of household incomes extends from approximately \$15,000 to \$50,000.

Households with incomes less than \$15,000 could occupy Cedar Grove as long as additional tenant based subsidy is provided. It is unlikely, however, that tenant based subsidies will be available (see Section 3.3). Including a six person household would imply that Cedar Grove would have some 4 bedroom units. Rents on tax credit units cannot exceed 30% of an imputed income based on 1.5 persons per bedroom i.e. in a two-bedroom unit, the income of a three-person household is used to calculate rent,

regardless of the actual family size of the household (California Tax Credit Allocation Committee, April 2001).

Table 2 shows the size of renter households in the market area both inside the Lake Tahoe basin and adjoining communities outside the Lake Tahoe Basin. With the exception of Kings Beach, about 90 percent of renter households or 1,764 households had four members or less. In Kings Beach the situation is somewhat different in that about 20 percent of the households have 5 or more members. It is very likely that the Census under reports large households, particularly in areas where overcrowded housing conditions are known to exist. Therefore, the total number of larger households is probably greater than the number reported by the Census.

2.2 Housing Cost Burden and Household Income

Table 3 shows the percentage of households in the market area who were paying more than 30 percent of their income on gross rents in 2000. Households paying more than 30 percent of the income on gross rent are facing a housing cost burden, particularly for households below the area median income. Households paying more than 50 percent of their income on gross rent are experiencing a severe cost burden. Gross rent is the contract rent plus the estimated average monthly cost of utilities (electricity, gas and water) and fuels (oil, coal, kerosene, wood, etc.).

The total number of renter households with a housing cost burden in the Lake Tahoe portion of Placer County was 790 in 2000. One weakness in relying solely on gross rent as a percentage of household income is that it includes households above the median income. As discussed earlier, qualified households would have had incomes ranging from approximately \$15,000 to \$50,000 in 2000. The total number of households facing a housing cost burden also includes households above the median income who typically have more discretionary income.

A housing cost burden is one indication of the potential willingness of households to relocate if affordable housing were to become available. In addition to those with a housing cost burden, Table 4 shows the total number of households that are in the income range that potentially qualify for Cedar Grove. In the Lake Tahoe portion of Placer County there are approximately 1,095 renter households with an income between \$15,000 and \$50,000. Overall, there are nearly 1,900 households in the study area that had incomes in the range of \$15,000 to \$50,000.

Table 4 also shows the number of renters households who were paying more than 30 percent of their income on gross rent. In the Placer County portion of Lake Tahoe, there were 668 households with income between \$10,000 and \$50,000 who paid more than 30 percent of their income on housing in 2000. Reported income ranges are slightly different because the Census does not provide the same household income increments (\$10,000 to \$50,000 vs. \$15,000 to \$50,000) when reporting housing cost burden by tenure and household income.

In 2000, Tahoe Vista had 141 renter households with total household income between \$15,000 and \$50,000, and 114 renter households with income between \$10,000 and \$50,000 who experienced a housing cost burden (See Table 4). These households range in size from 1 to 6 persons.

In addition to affordable housing demand based upon Census information, recent resident surveys completed for the North Lake Tourism and Community Investment Master Plan indicate a desire and need for more affordable housing. Sixty-eight percent of resident voters in 2001 indicated that affordable housing was a "very important" improvement priority. Housing choice was overall lowest satisfaction rating and fifty-nine percent of residents indicated that they were very dissatisfied with housing choice (2001 Resident Voter Survey; RRC Associates, Inc.).

More recently, local residents rated the quality of life in eastern Placer County as either excellent or good. However, only sixteen percent of these local residents feel that quality of life in the past five years has improved. Respondents who feel that the area has declined commonly cite the high cost of housing and the high cost of living in the area versus the low wages. Local residents also feel that one of the most important issues facing eastern Placer County is the lack of affordable housing and the lack of variety of housing. Respondents not only believe housing is an important issue for owners of property but also for renters. Most residents believe there is too little housing for the local workforce and too little housing diversity to suit different needs and tastes (North Lake Tahoe Tourism and Community Investment Plan July 2004).

The development of affordable housing in the north Lake Tahoe area is also consistent with policies and goals of Placer County and the Placer County Redevelopment Agency. The Placer County General Plan (Housing Element) as well as the North Lake Tahoe Redevelopment Implementation Plan 2001-2006, and the North Lake Tahoe Tourism and Community Investment Plan all speaks directly to the need for affordable housing at Lake Tahoe.

Table 2
Placer County
Lake Tahoe Basin Communities
Tenure and Household Size, 2000

	Lake Tahoe CCD, Placer County, California	Percent of Occupied	Sunnyside- Tahoe City CDP, California	Percent of Occupied	Dollar Point CDP, California	Percent of Occupied	Kings Beach CDP, California	Percent of Occupied	Tahoe Vista CDP, California	Percent of Occupied
Total:	4,832		789		681		1,411		670	
Owner occupied:	2,840	100%	465	100%	470	100%	554	100%	435	100%
1-person household	690	24%	128	28%	113	24%	141	25%	86	20%
2-person household	1,141	40%	190	41%	211	45%	192	35%	171	39%
3-person household	426	15%	67	12%	68	14%	78	14%	68	16%
4-person household	380	13%	57	4%	62	13%	77	14%	67	15%
5-person household	128	5%	19	1%	14	3%	30	5%	22	5%
6-person household	46	2%	3	0%	2	0%	16	3%	14	3%
7-or-more persons	29	2%	1	0%	0	0%	20	4%	7	2%
Renter occupied:	1,992	100%	324	100%	211	100%	857	100%	235	100%
1-person household	652	33%	109	34%	71	34%	258	30%	93	40%
2-person household	582	29%	118	36%	66	31%	200	23%	72	31%
3-person household	315	16%	50	15%	42	20%	128	15%	33	14%
4-person household	215	11%	32	10%	24	11%	96	11%	20	9%
5-person household	104	5%	12	4%	5	2%	70	8%	5	2%
6-person household	58	3%	3	1%	3	1%	45	5%	6	3%
7-or-more persons	66	3%	0	0%	0	0%	60	7%	6	3%

Source: Census 2000
 CDP: Census Designated Place
 CCD: Census County Division

Table 2
Out-Of-Basin Community Areas
Tenure and Family Size: 2000

	Donner CCD, Nevada County California	Percent of Occupied	Truckee Town, California	Percent of Occupied	Tract 220.01-4,5,6 Northstar, Apine/Squaw Valley	Percent of Occupied
Total:	5,407		5,149		1,086	
Owner occupied:	4,002	100%	3,805	100%	831	100%
1-person household	646	16%	600	16%	160	16%
2-person household	1,582	40%	1,505	40%	366	36%
3-person household	705	18%	668	18%	144	14%
4-person household	712	18%	691	18%	107	9%
5-person household	229	6%	219	6%	33	7%
6-person household	77	2%	73	2%	6	2%
7-or-more person household	51	1%	49	1%	15	2%
Renter occupied:	1,405	100%	1,344	100%	255	100%
1-person household	382	27%	361	27%	67	23%
2-person household	418	30%	398	30%	78	27%
3-person household	255	18%	248	18%	40	22%
4-person household	196	14%	189	14%	41	17%
5-person household	97	7%	91	7%	29	7%
6-person household	28	2%	28	2%	0	5%
7-or-more person household	29	2%	29	2%	0	0%

Source: Census 2000

Table 3
Gross Rent As a Percentage of Household Income
Study Area: 2000

GROSS RENT AS A PERCENTAGE OF HOUSEHOLD	LAKE TAHOE CCD, PLACER COUNTY, CALIFORNIA	PERCENT	DOLLAR POINT CDP, CALIFORNIA	PERCENT	KINGS BEACH CDP, CALIFORNIA	PERCENT	SUNNYSIDE-TAHOE CITY CDP, CALIFORNIA	PERCENT	TAHOE VISTA CDP, CALIFORNIA	PERCENT
Less than 10 percent	148	7.5	8	3.8	75	8.9	40	11.8	6	2.6
10 to 14 percent	224	11.4	14	6.6	121	14.4	33	9.7	25	10.6
15 to 19 percent	215	10.9	20	9.4	70	8.3	68	20	23	9.8
20 to 24 percent	224	11.4	4	1.9	75	8.9	33	9.7	36	15.3
25 to 29 percent	252	12.8	9	4.2	118	14	48	14.1	11	4.7
30 to 34 percent	174	8.8	25	11.8	92	10.9	38	11.2	11	4.7
35 to 39 percent	97	4.9	21	9.9	37	4.4	6	1.8	26	11.1
40 to 49 percent	197	10	40	18.9	82	9.7	10	2.9	35	14.9
50 percent or more	322	16.3	50	23.6	153	18.2	29	8.5	50	21.3
Not computed	117	5.9	21	9.9	19	2.3	35	10.3	12	5.1
Total with Housing Cost Burden	790	40	136	64.2	364	43.2	83	24.4	122	52
GROSS RENT AS A PERCENTAGE OF HOUSEHOLD INCOME	Donner CCD, Nevada County, California	Percent	TRACT 220.01-4,5,6-	Percent	Town of Truckee	Percent				
Less than 10 percent	67	5	44	17.8	54	4.1				
10 to 14 percent	126	9.4	30	12.1	119	9.1				
15 to 19 percent	258	19.2	38	15.4	249	19.1				
20 to 24 percent	162	12	42	17.0	156	12				
25 to 29 percent	144	10.7	6	2.4	144	11.1				
30 to 34 percent	128	9.5	9	3.6	128	9.8				
35 to 39 percent	134	9.9	19	7.7	134	10.3				
40 to 49 percent	132	9.8	16	6.5	132	10.1				
50 percent or more	188	14	34	13.8	179	13.7				
Not computed	8	0.6	9	3.6	8	0.6				
Total with Housing Cost Burden	582	43.2	68	31.6	573	43.9				

Source: Census 2000, Tract 220.01-4,5,6 Squaw Valley, Alpine Meadows, and Northstar areas.

Table 4
Renter Households By Household Income
Estimate of Housing Cost Burden
Study Area: 2000

RENTER HOUSEHOLDS	LAKE TAHOE CCD, PLACER COUNTY, CALIFORNIA	DOLLAR POINT CDP, CALIFORNIA	KINGS BEACH CDP, CALIFORNIA	SUNNYSIDE- TAHOE CITY CDP, CALIFORNIA	TAHOE VISTA CDP, CALIFORNIA	DONNER CCD, NEVADA COUNTY, CALIFORNIA	TRACT 220.01.4.5.6	TRUCKEE TOWN, CALIFORNIA
Total Renter occupied:	1,988	212	852	340	235	1,399	247	1,341
Less than \$5,000	49	8	20	5	8	17		8
\$5,000 to \$9,999	76	14	42	6	0	68	16	59
\$10,000 to \$14,999	145	20	67	16	27	94		94
\$15,000 to \$19,999	147	25	85	12	25	92	30	92
\$20,000 to \$24,999	233	21	129	39	16	80		80
\$25,000 to \$34,999	361	27	129	79	54	226	26	226
\$35,000 to \$49,999	354	52	136	43	46	293	30	284
\$50,000 to \$74,999	339	14	137	61	47	326	49	315
\$75,000 to \$99,999	156	20	59	20	12	114	50	107
\$100 to \$ 149,999	93	3	32	53	0	43		43
\$150,000 or more	35	8	16	6	0	46	46	33
Renters \$15K-\$50K	1,095	125	479	173	141	691	86	682
Renters \$0K - \$50K	1,289	153	566	194	176	802	102	784
With Cost Burden:								
\$10K - \$50K	668	114	300	77	114	472	55	472
\$0K - \$50K	783	136	357	83	122	540	62	531
% Cost Burden \$0-\$50K	61%	89%	63%	43%	69%	67%	61%	68%

Source: Census 2000

3.0 EXISTING HOUSING CONDITIONS

Chapter 3.0 describes existing conditions that may influence the demand and availability of affordable housing in the project area, and influence the priority housing needs. This chapter includes a review of the project site, occupancy trends, current rental housing market conditions, employment growth, transportation, existing affordable projects, and Truckee housing conditions.

3.1 Project Site

The proposed site is located in Tahoe Vista approximately 1/2 mile north of highway 28 just west of National Drive. A windshield survey of the area was conducted to assess general housing conditions. Housing stock in the area is mainly comprised of single family residential of varying ages and quality. There are a limited number of multi-family units and single family attached units. Only one multi-family complex was identified during the survey. Single-family detached housing units comprised about 81 percent of the housing stock in 2000 (Census, 2000).

To the east of the project site is Agatam Drive. Housing in that area is mainly single family detached structures that are in fair to good condition and appear to be slightly better quality housing as compared to areas in the central part of Tahoe Vista.

To the west is generally good quality single family detached housing that appears more expensive than other areas of Tahoe Vista based upon the size and condition of the housing. There are some recent new developments in Tahoe Vista along North Lake Tahoe Boulevard that cater primarily to the seasonal vacation ownership.

To the immediate east of the project site is a mobile home park with approximately 40 spaces. Units in the park are predominately single section mobile homes that are more than 25 years old exceeding their useful life as defined by Marshall Swift Valuation Service. To the south is a mix of single family attached units (duplexes) and single-family housing. Within the immediate project vicinity there are a mix of land uses including commercial/light industrial and public and recreational land uses.

Currently, there are very few units available for sales near the project site. Survey of the community only noted 4 current listings. The lower range of for sale housing near the project site starts around \$400,000. There was one small one bedroom single family detached unit listed for \$399,000 during the survey period. The unit had been used as a rental property where the current rent was \$800 per month.

The construction of new multi-family units at the proposed project site would very likely provide better quality rental housing than currently exists in the project area. Additionally, the construction of new multi-family units would provide more diversity within the available housing stock not only in the project area but throughout the Placer County portion of Lake Tahoe.

3.2 Tenure and Housing Occupancy in Placer County-Lake Tahoe

Table 5 shows changes in household occupancy from 1990 to 2000. There is a clear trend to more owner occupied housing units and only small increases in renter occupied housing in the Lake Tahoe portion of Placer County. More specifically, decreases in renter occupied housing occurred in each Lake Tahoe community with the exception of Kings Beach. From 1990 to 2000 renter occupied housing units increased from 734 to 857 in Kings Beach. During the same, period renter occupied housing in Tahoe Vista only increased from 230 units to 235 units. Declines in renter occupied housing occurred in Dollar Point and Tahoe City/Sunnyside. Kings Beach has absorbed demand for renter housing stock in Placer County. Overall, renter occupied units increased by only 25 from 1990 to 2000.

Table 5
Changes in Housing Occupancy
Lake Tahoe, Placer County CA. 1990-2000

Occupancy	1990	2000	Change
All Housing Units	10,663	11,481	818
Occupied Housing	3,808	4,832	1,024
Owner	1,841	2,840	999
Renter	1,967	1,992	25
Vacant	6,855	6,649	-206
For Sale	102	48	-54
For Rent	180	172	-8
Seasonal/Recreation	6,257	6,271	14
Other	316	158	-158

Source: 1990 and 2000 Census, Lake Tahoe CCD.

More recently, there has been increasing demand for owner occupied and seasonal/vacation ownership in Lake Tahoe. In a report prepared for the North Lake Tahoe Resort Association shows a continuing trend toward more owner occupied housing and seasonal vacation use. During recent years (1997-2002), property use as a vacation home accounted for more than two-thirds of the sales of condominiums and single-family residences in both North Lake Tahoe and Truckee Area. More recently, north Lake Tahoe has seen an increase in the percentage of homes sales for vacation home use (Dean Runyon Associates, December 2003).

With limitations on new construction activity and increasing trends toward owner occupied and seasonal vacation property ownership, it is unlikely that any measurable increases in the permanent rental housing stock have occurred from 2000 to current. It is very likely that permanent rental housing stock may have declined in the Placer County portion of Lake Tahoe, particularly in light of recent property value appreciation and conversion of rental property to owner occupied or seasonal vacation owner occupancy.

Lake Tahoe-area homes continue to show strong gains in appreciation. According to a midyear report from Chase International Real Estate. The median home price (single family) in the Lake Tahoe Basin increased 17.7 percent to \$620,625 for the period. The median price for a home in Tahoe City was \$590,000 and \$892,500 for Incline Village. Condominium prices and sales also rose. The median price of condominiums within the basin increased 32.7 percent to \$323,563 (Reno Gazette-Journal, 7/9/04). These are significant increases when compared to a median home price at the beginning of 2003 of \$491,250 and median sales price for a condominium of \$249,125.

The Lake Tahoe Basin is susceptible to rental conversions due to the appreciating asset values compared to the value of rental property based on its income generating potential. The increasing asset values are particularly important because the rental housing market in the Lake Tahoe Basin is mainly comprised of single-family detached and attached structures. Including mobile homes, single family structures comprised about 72 percent of the 2000 rental housing stock in the Lake Tahoe portion of Placer County (U.S. Census, 2000 SF3-H32). The potential loss in rental housing stock would further reduce the availability of employee housing options at Lake Tahoe and continue to erode affordability.

3.3 Rental Market Housing Conditions

Rental Rates

Throughout the Lake Tahoe Portion of Placer County, there are very few traditional stacked apartment complexes such as the proposed Cedar Grove Project. Rental properties include detached single-family residential units, condominiums, and to a lesser extent mobile homes and small motels providing longer term rentals. A review of market rental rate information for north Lake Tahoe from various sources reveals the following:

Rental Housing-2004

<u>Bedroom/Baths</u>	<u>Expected Rental Range</u>
Single Family Home:	
4/2+	\$1,200 - \$2,000/mo.
3/2+	\$1,200 - \$1,800/mo.
2/2	\$ 900 - \$1,300/mo.
Duplex :	
3/2 & 2/2	\$850 - \$1,100/mo.
Condominiums:	\$700 - \$1,500/mo.
Apartments:	
Studio	\$400 - \$600/mo.
1 bdr.	\$500 - \$800/mo.
2 bdr.	\$700 - \$950/mo.

Source: Placer County, North Lake Tahoe Bonanza, RCS, Inc. 2004

There appears to be a limited number of larger traditional apartment rental units (3 bedrooms or more) available in the Lake Tahoe Basin, which may force prospective tenants into more costly single-family rental units to accommodate larger households.

Table 6 shows the 2004 median household income estimate by household size for Placer County. Table 6 also shows the corresponding affordable monthly payments for rent and essential utilities. For example, a 3-person household at 60 percent of the median household income could afford approximately \$923 per month in gross housing related expenses (rent and utilities). Table 6 also includes the maximum affordable gross rents (rent and utilities). A simple comparison of affordable payments against the rental ranges suggests that affordable housing options are limited under current market conditions, particularly for larger households.

Table 6
Median Household Income and
Affordable Housing Costs and Maximum Rents
By Household Size Placer County:2004

Placer County	Household Size							
HUD Med. Inc. 2004	1	2	3	4	5	6	7	8
Median Income	\$44,870	\$51,280	\$57,690	\$64,100	\$69,228	\$74,356	\$79,484	\$84,612
80 percent	\$35,896	\$41,024	\$46,152	\$51,280	\$55,382	\$59,485	\$63,587	\$67,690
60 percent	\$26,940	\$30,780	\$34,620	\$38,460	\$41,520	\$44,640	\$47,700	\$50,760
50 percent	\$22,450	\$25,650	\$28,850	\$32,050	\$34,600	\$37,200	\$39,750	\$42,300
Affordable Housing Payment: Rent and Utilities*								
80 percent	\$897	\$1,026	\$1,154	\$1,282	\$1,385	\$1,487	\$1,590	\$1,692
60 percent	\$673	\$769	\$865	\$962	\$1,038	\$1,115	\$1,192	\$1,269
50 percent	\$561	\$641	\$721	\$801	\$865	\$929	\$994	\$1,058
Max. Rents	1bdr.	2bdr.	3bdr.	4bdr.	5bdr.			
80 percent	\$961	\$1,153	\$1,332	\$1,488	\$1,640			
60 percent	\$721	\$865	\$999	\$1,116	\$1,230			
50 percent	\$601	\$721	\$666	\$930	\$1,025			

Source: U.S. Department of Housing and Urban Development, 2004 HUD Notice PDR-2004-02 for 60% and 50% income levels. Affordable rents assumes 30 percent of income levels. Max. rents HUD Notice PDR-2004-02 and include utilities.

The prevalence of housing affordability problems is usually accompanied by other housing problems such as overcrowding and lower quality rental housing stock. With respect to overcrowded housing conditions, a relatively recent example of such conditions was found when up to 250 people were found occupying 38 mobile home units in Kings Beach. During interviews of local housing providers, overcrowded housing conditions continue to exist in Kings Beach and other Lake Tahoe Basin communities where larger rental units are needed to alleviate existing conditions (pers. comm. Sylvia Ambriz 7/17/04). Examples of overcrowding conditions typically include

multiple households sharing small rental units and in some instances several employees using the same sleeping quarters scheduled around work shifts.

It is also important to note that there are no affordable (subsidized) multi-family housing projects in the north shore. Additionally, use of section 8 vouchers (a direct tenant based subsidy) is also limited in the Lake Tahoe Portion of Placer County which suggests that most households facing a housing cost burden are likely working households or are elderly on fixed incomes. According to Placer County, the total number of Section 8 vouchers in the Lake Tahoe Basin is five. One of the vouchers is used for an elderly person the other four are allocated to persons with disabilities. The limited availability of vouchers is due to several factors including the high cost of rental housing and the quality of housing available for rent in the Lake Tahoe Basin (pers. Comm. Nancy Williams, 7/17/04).

The lack of Section 8 voucher use can be indicative of a rental housing market that is dominated by demands of the local workforce. In effect, the local workforce out competes very low-income renters and renters requiring additional tenant based assistance to obtain housing. Those with little or no wage income typically use the Section 8 voucher program.

As discussed in the following section employee demand for housing has remained strong as more workers are needed for the area's tourism and recreation based economy.

3.4 Employment Growth

From 1990 to 2000 employment in the Placer County portion of the Lake Tahoe Basin increased by 1,421. The majority of employment increases were in the services and recreation/tourism sectors of the economy, which are known to provide relatively low paying wages. Table 7 shows growth in employment by place of residence in the Placer County portion of Lake Tahoe. Based upon more recent labor force data (May 2004), the Placer County portion of Lake Tahoe had approximately 7,130 people in the labor force with 6,730 currently employed. Seasonal fluctuations will affect the total number of employed and unemployed during any given month.

Increases in employment are also occurring outside the Lake Tahoe Basin of the study area and within Truckee (See Section 3.7). Increases in lower income wage employees contribute to the problems of affordable housing being experienced in the Truckee area. The Truckee area has also experienced significant increases in seasonal workforce housing demand (See Section 3.7).

Increased employment among lower wage paying sectors combined with minimal increases in housing stock, competition with seasonal and vacation ownership demand particularly for conversion of rental housing stock contributes to increasing housing prices and rents among traditional affordable housing options in the Lake Tahoe Basin.

Table 7
Employment Growth
Placer County, Lake Tahoe CA. 1990-2000

INDUSTRY	2000	Percent	1990	Percent
Agriculture, forestry, fishing and hunting, and mining	84	1.2	180	3.3
Construction	1,049	15.2	825	15
Manufacturing	148	2.1	202	3.7
Wholesale trade	95	1.4	68	1.2
Retail trade	761	11	1,229	22.3
Transportation and warehousing, and utilities	248	3.6	144	2.6
Information	173	2.5	141	2.6
Finance, insurance, real estate, and rental and leasing	435	6.3	428	7.8
Services including Public Administration	3,928	72.0	2,283	41.5
Total Employment	6,921		5,500	

Source: U.S. Census, 2000.

The lack of available housing including affordable housing has led to increases in the number of Lake Tahoe employees who live outside the Basin, mostly in Truckee. In recent years, the demand for employees combined with the lack of available housing has resulted in even more employees commuting from western Nevada to employment centers at Lake Tahoe and surrounding areas.

The following section provides an overview of commuting patterns, employment centers and workforce migration in the study area including Truckee and eastern Placer County outside the Lake Tahoe Basin.

3.5 Transportation and Workforce

In recent studies completed for the North Lake Tahoe Resort Association by LSC Transportation Consultants, Inc., survey respondents (employers) reported a total of 5,620 summer employees, 8,444 winter employees, and 2,687 off-season employees. These totals are only representative of the employee population surveyed. The survey was limited to major employers in the region, and does not reflect commuting patterns associated with smaller employers. The survey included employers from in the North Lake Tahoe Area including Incline Village, Truckee and Donner Summit.

For summer employment, the largest proportion of employees work in Incline Village/Crystal Bay (33 percent), Truckee (21 percent), and Northstar/Martis Valley (12 percent). For the winter, the largest proportion of employees work in Squaw Valley/Alpine Meadows, (28 percent), Northstar/Martis Valley (19 percent), Incline Village/Crystal Bay (15 percent) and Donner Summit (13 percent). Reflecting the fact that casino employment has less seasonality than other major employers, Incline Village/Crystal Bay employers represent the preponderance (55 percent) of off-season employees in the survey.

With regards to residential locations outside the North Tahoe/Truckee region, the survey results indicate that a substantial number of commuters from the Reno/Sparks area travel primarily to ski resorts outside the Lake Tahoe Basin. The highest number of employees were reported to reside in the Reno/Sparks area, with up to 306 employees commuting from these areas in the winter. Summer commuters (137) and off-seasons (72) numbers were reported to be substantially lower. Douglas County and Carson City also contribute a limited number of employees.

Within the region, the data reflect the importance of Truckee as a "bedroom" community for employers elsewhere. For instance, in the winter, Truckee is identified as the residence location of 45 percent of Northstar/Martis employees, 37 percent of Tahoe City employees, 35 percent of Donner Summit employees, and 27 percent of Squaw/Alpine employees.

In addition to Truckee exporting employees to Lake Tahoe, Kings Beach and Tahoe Vista export or send a large number of employees to Incline Village/Crystal Bay, Squaw Valley/Alpine Meadows, and Northstar/Martis Valley.

The location of the Cedar Grove project could potentially attract workers from Truckee who work at or near Lake Tahoe. The project site tends to be centrally located to employment centers to the west, east, north as well as employment within the Lake Tahoe Basin. Truckee residents travel to locations within close commuting distance to the proposed Cedar Grove project. Persons commuting to employment locations near Tahoe Vista could also provide additional demand for proposed housing at Cedar Grove.

The propensity to move to affordable housing in other communities has increased in recent years. According to the Family Resource Center in Kings Beach, a number of local households/families have relocated to communities outside the Lake Tahoe Basin to purchase housing in western Nevada and or to seek affordable rental housing in Truckee. In most cases, employees and families who have relocated still **maintain** employment in the **Lake Tahoe** Basin. (pers. Comm.. Sylvia Ambriz 7/17/04).

Based upon the available information, it is difficult to determine the percentage of rental units at the proposed Cedar Grove project that will be occupied by households who do not currently live in the Lake Tahoe Basin.

3.6 Affordable Housing in the Study Area

Currently, there is no subsidized housing in North Lake Tahoe other individual units that have been provided housing rehabilitation assistance by Placer County. As discussed in Section 3.3, the use of Section 8 vouchers is also limited in the Lake Tahoe area. Subsidized housing is available in Truckee and South Lake Tahoe. Interviews with managers of subsidized housing revealed the following common traits:

- Units are fully occupied,

- Complexes in the area have waiting lists that generally extend from 3 months to 1 year, and;
- Most affordable housing occupants are employed and the waiting list is comprised primarily of working households.

With excess demand at affordable housing complexes as evidenced by waiting lists, there is both a need for more units and the potential to relocate if affordable housing becomes available with the proposed Cedar Grove project.

3.7 Truckee Area Housing Conditions (Nevada and Placer County)

The Truckee area is experiencing many of the same housing problems faced by the Lake Tahoe Basin. Housing prices are rising, lower wage jobs associated with recreation and tourism have increased resulting in additional demand for affordable housing, particularly workforce housing and seasonal workforce housing.

Several recent studies for the Town of Truckee have been completed that have documented the need for affordable housing. Such studies include: the Draft Truckee Affordable Housing Land Use Evaluation Study October 2003, Town of Truckee Housing Needs Analysis March 2002, and the Draft Truckee Seasonal Worker Housing Study October 2003. A summary of important findings includes:

- The majority of Truckee Residents are employed in the retail trade and services categories, with wages in these sectors averaging \$17,202 and \$24,497, respectively. (Note both of these income limits are defined as low-income for a one-person household). These workers earned less in Nevada County than the statewide average for the same job. Additionally, a significant number of jobs are tied to the ski industry, which offers starting salaries of \$7/hr. for mostly seasonal employment. All of these factors translate to a higher-than-normal demand for housing which is affordable to low income (60%-80% of median) as well as moderate income (80-120% of median) households (Town of Truckee Housing Needs Analysis, March 2002).
- There is a significant seasonal employment pattern in the services sector, with an average of 500 more jobs during peak months from December to March, compared to the season low in October. The retail sector also fluctuates, although summer is the peak season. The spread for the retail sector is approximately 120 employees from high to low season (Town of Truckee Housing Needs Analysis, March 2002).
- The economic boom in California in the 1990s resulted in a dramatic increase in demand for vacation homes and permanent homes in Truckee. In addition to the demand for vacation home, the demand by "in-migrants" appears to be triggered by baby-boomers from other geographic areas of California selling their homes and relocating to Truckee. This demand has far outpaced the supply of housing

in the community, with many investors and new upper-income residents purchasing homes in the lower income price ranges that otherwise would be affordable to moderate-income homebuyers. Consequently, year round Truckee residents must compete for housing with these groups (Town of Truckee Housing Needs Analysis, March 2002).

- The majority of homes are priced beyond the reach of local salaries. In general the Housing Needs Assessment found that there is a critical shortage of affordable housing for low and very low income households in the Town of Truckee. According to Housing Needs Analysis, there are two key themes:

Issue #1-Market Dominated by Low Wage Service and Retail Jobs

Over half of Truckee's workers are in the Retail and Service sector, and earn an average wage that is considered very low to low-income. The big employers of these sectors pay entry level wages of about \$8 an hour, which is incompatible with Truckee's high-cost rental and ownership housing market. This housing demand increases by approximately 500 jobs during the winter season.

Issue #2-Housing costs are prohibitive to low to median income renters and owners.

Overall, the available market rate rental housing tends to be affordable to households ranging from the very top of the low-income range (50% to 80 % of median to the moderate income range. Single-family rental homes are generally affordable to large moderate income households (above 80 percent of median income) as discussed in the draft Truckee Affordable Housing Land Use Evaluation Study, 2003).

Truckee experiences significant and growing demand for seasonal workforce housing. The seasonality of demands creates additional problems. Most seasonal workers are single and have incomes below \$35,000. The vast majority of seasonal workers are renters (80.8 percent)

A recent workforce housing survey showed that the average monthly housing payment of seasonal worker households responding to the survey was \$999 per month, and the median housing payment is slightly lower, at \$940 per month. Approximately 10 percent pay less than \$500 a month, 19 percent pay between \$500 and \$749 a month, and 22 percent pay between \$750 and \$999 a month. Nearly half of the respondents are in households where their total monthly housing payment is \$1,000 or more and, of those respondents spending \$1,000 or more, 45 percent of respondents spent over \$1,500 per month (representing about 22 percent of total respondents). More than half (53.7 percent) of respondents spend more than 30 percent of their monthly income on housing (Draft Truckee Seasonal Worker Housing Study October 2003).

Informal telephone interviews were conducted with affordable housing providers in the Truckee Area during the Summer of 2004. Affordable housing providers are those who provide multi-family rental housing that is available for income qualified tenants. These units were developed with some type of financial housing assistance. According to informal surveys with property managers, there is a waiting lists for each complex. The estimated wait list period could extend from 3 months to a year. Additionally, managers indicated that the majority of occupants were working families or households, and that most households on the waiting list were working families/households.

Placer County is now implementing new workforce housing requirements for the eastern portion of the County that requires new development to provide on-site employee housing. The proposed ordinance is in draft form and could be adopted in the coming months.

The ordinance is tailored after methods and requirements adopted by other resort communities in the west. If implemented, the new requirements could reduce some of the future demand for affordable housing as the current version of the ordinances requires on-site housing for approximately 50 percent of the employees generated by the project.

At the same time, the Town of Truckee is pursuing additional affordable housing options to meet their State allocation. These efforts, to some extent, could reduce future demand for affordable housing in the Truckee/Martis Valley area and could potentially draw workers from Lake Tahoe seeking affordable housing.

The information reviewed for housing conditions suggests that Truckee no longer offers or provides only limited opportunity for affordable housing, particularly affordable housing for working households and families. In the past, Truckee functioned as a bedroom community for employees at surrounding ski resorts and to a lesser extent employers in the Lake Tahoe region.

4.0 DEVELOPMENT CONSTRAINTS-IMPEDIMENTS

Substantial impediments to affordable housing exist throughout the Lake Tahoe Basin. Two primary impediments relate directly to the overall development costs for affordable housing. The first impediment is the cost and availability of lands for development in the study area, particularly the Lake Tahoe Basin. The second impediment is the cost of entitlements and other regulatory requirements that contribute to the overall cost per unit to construct in the Lake Tahoe Basin. These two factors combined with financing limitations and constraints makes the development of affordable housing in the Lake Tahoe Basin extremely difficult in general.

With respect to availability of sites within the North Lake Tahoe, Placer County and the project proponent reviewed approximately 12 potential sites for development or redevelopment. A listing of sites is included in the Appendix. Currently, there are a very limited number of sites that are available for development in and around the north shore area. Although a full site analysis was not completed independently of Placer County's work, a summary review did indicate that substantial constraints exist to affordable housing development. Such constraints include the overall size of the parcel, availability of utilities, inclusion in the urban boundary, land coverage, building allocations, competing uses, environmental constraints, willingness of owner to sell the property, and land and development costs, among others.

In addition to the current proposed site (Cedar Grove), other sites potentially include a 3 acre site near Granlibaken and a 3.7 acre site on National and Highway 28. Even these sites have impediments, largely financial impediments, to the development of affordable housing. In one instance, land cost alone could exceed \$100,000 per unit depending upon the total number of units that could be built on the site. Although the ability to provide enough subsidy to a housing project in order to make it affordable is not a new problem, sites in Lake Tahoe are particularly vulnerable to this constraint. In other words affordable rents cannot cover the overall cost to develop the housing unit, particularly where high land costs exist.

Entitlement (improvements) and regulatory costs are difficult to estimate and can vary tremendously from site to site depending on required site improvements and the total number of units that can be developed at one site.

In 2004, the U.S. Department of Housing and Urban Development (HUD) designated Placer County as a "difficult development area". HUD is statutorily mandated to determine these areas for the purposes of the Low-Income Housing Tax Credit under Section 42 of the Internal Revenue Code of 1986. Difficult Development Areas are designated annually as updated income and fair market rent data become available. In developing the list of Difficult Development Areas, HUD compared incomes with housing costs (HUD Docket No. FR-4401-N-05).

This HUD designation alone acknowledges both the higher cost of housing in Placer County relative to incomes, and the financial challenges associated with the development of affordable housing.

Placer County as well as other state and federal funding agencies have limitations on the amount of direct subsidy for anyone individual project. Pursuing the appropriate combination of funding programs is critical to achieving the maximum subsidy level for an affordable housing project in Lake Tahoe.

There are two basic funding programs for generating low-income financing and investor equity for affordable rental housing complexes. First the 9 percent tax credit program works well for smaller complexes ranging in size from 20 to 80-units. It can generate 65 percent to 80 percent of the development costs through selling the tax credits to investors. There is considerable competition for 9 percent tax credits and the current scoring system does not favor developments in rural areas such as North Tahoe where services are farther away from one another than in most other communities that have been successful in receiving allocation of 9 percent tax credits. For example, tax credit application scoring requires the proposed project to be within certain distances to a transit system, parks, grocery stores, public library, schools, and medical facilities, among others (California Code of Regulations Title 4, Division 17, Chp.1).

Secondly, tax exempt bond financing coupled with 4 percent tax credits are easier to obtain than 9 percent tax credits. Although, this form of financing involves considerable documentation preparation, underwriting and legal expenses that drive up costs of issuing bonds. Generally speaking, complexes that traditionally use bond financing are very large projects ranging from 120 to 400 units. Professional property management is another contributing factor to building larger complexes. The cost to maintain on-site professional management increases on a per unit basis as the total number of units decline. In other words, the economies of scale that exist with larger projects diminish as the total number of units is reduced.

An important point to note about financing sources is that subsidy programs are not available to offset land costs. In areas such as Lake Tahoe where land prices will sell at a premium, it is difficult to find a site where land costs alone will not render a project financially infeasible.

Considering the impediments and other constraints to development of affordable workforce and employee housing in the Lake Tahoe Basin, the following conclusions can be reached:

- Site selection can greatly influence project feasibility and cost. This is particularly true in the Lake Tahoe Basin with the physical, environmental, and regulatory requirements imposed on new development.
- A strategy of multiple sites with smaller housing developments may be very difficult to achieve given the limitations and constraints of available funding sources for affordable housing development and the lack of available sites in the Lake Tahoe Basin.
- Currently, there are only two other options for potential development of affordable housing in the Placer County portion of Lake Tahoe. However, land costs could dramatically affect project feasibility.

5.0 SUMMARY OF FINDINGS

- Significant demand and need for affordable housing exists in the study area that far exceeds the amount of housing being proposed by Cedar Grove.
- There could be as many as 1,900 income qualified renter households (household with incomes between \$15,000 and \$50,000) who resided in the study area during 2000. Such households would who would potentially qualify to live in Cedar Grove.
- A vast majority of income qualified renters experienced a housing cost burden. In the Lake Tahoe portion of Placer County about 60 percent of the income qualified renter households experienced a housing cost burden in 2000. In Tahoe Vista nearly 80 percent of income qualified renter households paid more than 30 percent of their income on housing in 2000.
- Based upon recent resident surveys, more affordable housing is both needed and desirable element for the north Lake Tahoe area. Sixty-eight percent of resident voters in 2001 indicated that affordable housing was a "very important" improvement priority. Housing choice was overall lowest satisfaction rating and fifty-nine percent of residents indicated that they were very dissatisfied with housing choice (2001 Resident Voter Survey; RRC Associates, Inc.).
- The majority of units at the proposed Cedar Grove project will be occupied by area employees based upon the limited use and availability of Section 8 vouchers in north Lake Tahoe, household income requirements for the project and rent payments, and area employment centers and commuting patterns. The current occupants of affordable housing (largely working households) and said waiting lists for said projects would also support the notion that Cedar Grove will predominately function as workforce housing.
- Cedar Grove provides newly constructed professionally managed affordable housing units that in many cases will provide better quality rental housing than currently exists in the immediate project area and the larger study area.
- The development of affordable housing at Cedar Grove is consistent with the needs of the area, recent resident survey responses and the objectives set forth by the project proponent to provide safe professionally maintained and managed long-term affordable housing to Tahoe workers and their families.
- The study area continues to experience sizeable increases in employment, particularly lower wage jobs in the service and tourism recreation sectors that create additional demand for affordable housing.
- The Truckee area has been a bedroom community for employers in the surrounding area including Lake Tahoe. However, many of the same affordable housing problems experienced at Lake Tahoe now exist in Truckee.

- Truckee area residents may relocate to Cedar Grove given the affordability problems, waiting lists at subsidized apartments and commuting patterns to work at major employers. The total number of households from Truckee and areas outside the Lake Tahoe Basin who might relocate to Cedar Grove is difficult to determine. Future relocation impacts may be limited as Placer County implements new inclusionary zoning requirements for workforce housing.
- Purchase of a home is an unlikely option for lower income households given the current cost of new and resale units in Lake Tahoe. Rental rates could continue to rise as rental housing stock inventory converts to owner occupied units or units occupied on by vacation and seasonal use.
- There are significant impediments/constraints to the development of affordable housing in the Lake Tahoe Basin difficult and imposes significant limitations on the ability to construct smaller affordable housing at multiple sites

Appendix: Sites Reviewed for Housing Potential

	APN	Description
1.	090-192-025	North Shore Lodge 8755 No. Lake Blvd.
2.	090-073-001	Secline & Hwy. 28 NTPUD
3.	090-121-010 090-121-026 090-121-027	Stoker Property 8626 Trout Ave. 8622 Trout Ave. 23 units
4.	090-221-021 090-192-041 090-221-012 090-221-004 090-221-013 090-221-014 090-370-005 090-370-006	Brockway Vista Center 8776 No. Lake Blvd. 8795-8797 No. Lake Blvd.
5.	096-230-055	Squaw Valley Entrance 3.4 acres Squaw Creek Estates LLC
6.		Cal Neva
7.	093-130-045	Lake Forest FTHB 3150 North Lake Blvd. 1.7 acres
8.	094-200-02	3 acres near Granlibaken
9.	NA	National and 28 3.7 acres
10.		North Star Sawmill 96 units off 267 Martis Valley
11.		Tahoe-Truckee School District 10 acres off 267 on National Ave.

12.

Donner Creek Mobile Home Park
West River St.

**Appendix: Moderate Income (up to 120% of Median Income)
For-Sale Housing Need**

Housing is said to be affordable when total annual housing related costs do not exceed 30 percent of a household's total gross income. For owners, housing related costs include mortgage payment, taxes, insurance, and essential utilities. Table __ calculates affordable home prices for various Placer County household income levels. The calculations in Table__ are used to determine the ability of households at certain income levels to purchase housing under a common set of assumptions. Table_ includes housing affordability calculations up to 120 percent of the median area income. The U.S. Department of Housing and Urban Development (HUD) publishes annual estimates of median area income by household size. The four-person household size is representative of the median income level. In 2005, Placer County had a median income of \$64,100.

In 2005, a four-person household earning 120 percent of the median income (\$76,920) could generally afford a home costing less than about \$308,000. Individual household financial circumstances could increase or decrease this amount. The calculations in Table __ are conservative in that they assume low and moderate-income households will be capable of providing 20 percent towards a downpayment thereby avoiding mortgage insurance payments and higher interest rates. Table __ calculates a more likely scenario for households at or below 120 percent of median income whereby the loan to value ratio is 90 percent and private mortgage insurance is required. In this case a 4 person household at the 120 percent of median income level could only afford to purchase a home costing approximately \$288,000.

A current review of available single-family and condominium listings in the north shore area show that single-family home and condominium asking prices start at or above \$330,000 with the exception of studio condominiums. There are very few listings below \$400,000. Those available listings between \$330,000 and \$400,000 are generally 1 bedroom 1 bath units that are below 1,000 square feet in size. According to 2004 Lake Tahoe Residential Sales Statistics compiled by Chase International, the average price of a single family home sold was \$890,135 and the average price of a condominium was \$411,000.

Renter households having incomes between 80 and 120 percent of median income, can be used as an indicator of demand for ownership opportunities in the study area. In 2000, the income range for moderate-income households extended from approximately \$29,000 for a 1 person households at 80 percent of median income to approximately \$76,000 for a 6 percent households with 120 percent of the median income. Using Table 4 in the affordable housing demand study shows that there were 689 renter households in the Lake Tahoe portion of Placer County in the income range of \$35,000 to \$75,000 in 2000.

This analysis shows that households with 120 percent of the median income could afford to purchase a home priced between \$288,000 and \$308,000. A review of current listings in the north Lake Tahoe area suggests that there is little or no supply of housing for sale that is affordable to households at or below 120 percent of the median Placer County income. Prospective demand as measured by renter households far exceeds the available supply, if affordable market rate housing exists at all.

Table Affordable Housing Levels: Placer County-2004
Very-Low Income 30% of Median Income \$19,250

Household Size	Income	Amt Available for Housing	Principal & Interest	Property Insurance	Property Taxes	Essential Utilities	Total Cost	Down Payment	Mortgage	Affordable Price
1	\$13,450	\$337	\$195	\$8	\$34	\$100	\$337	\$8,130	\$32,520	\$40,500
2	\$15,400	\$385	\$235	\$10	\$41	\$100	\$385	\$9,780	\$39,120	\$48,900
3	\$17,300	\$433	\$273	\$12	\$48	\$100	\$433	\$11,400	\$45,600	\$57,000
4	\$19,250	\$481	\$292	\$13	\$51	\$125	\$481	\$12,180	\$48,720	\$60,900
5	\$20,750	\$519	\$324	\$14	\$56	\$125	\$519	\$13,500	\$54,000	\$67,500
6	\$22,300	\$558	\$356	\$15	\$62	\$125	\$558	\$14,824	\$59,296	\$74,120

Low-Income Households 50% of Median Income: \$32,050

1	\$22,450	\$561	\$379	\$16	\$66	\$100	\$561	\$15,800	\$63,200	\$79,000
2	\$25,650	\$641	\$444	\$19	\$77	\$100	\$641	\$18,520	\$74,080	\$92,600
3	\$28,850	\$721	\$510	\$22	\$89	\$100	\$721	\$21,280	\$85,120	\$106,400
4	\$32,050	\$801	\$555	\$24	\$97	\$125	\$801	\$23,160	\$92,640	\$115,800
5	\$34,600	\$865	\$608	\$26	\$106	\$125	\$865	\$25,340	\$101,360	\$126,700
6	\$37,200	\$929	\$660	\$29	\$115	\$125	\$929	\$27,540	\$110,160	\$137,850

Moderate Income 80% of Median Income: \$51,300

1	\$35,900	\$897	\$655	\$28	\$114	\$100	\$897	\$27,320	\$109,280	\$136,750
2	\$41,000	\$1,026	\$761	\$33	\$132	\$100	\$1,026	\$31,720	\$126,880	\$158,600
3	\$46,150	\$1,154	\$866	\$38	\$151	\$100	\$1,154	\$36,120	\$144,480	\$180,600
4	\$51,300	\$1,282	\$951	\$41	\$165	\$125	\$1,282	\$39,640	\$158,560	\$198,200
5	\$55,400	\$1,385	\$1,035	\$45	\$180	\$125	\$1,385	\$43,160	\$172,640	\$215,800
6	\$59,500	\$1,487	\$1,119	\$49	\$194	\$125	\$1,487	\$46,660	\$186,640	\$233,400

Median Family Income \$64,100

1	\$44,870	\$1,122	\$839	\$36	\$146	\$100	\$1,122	\$35,000	\$140,000	\$175,000
2	\$51,280	\$1,282	\$971	\$42	\$169	\$100	\$1,282	\$40,500	\$162,000	\$202,500
3	\$57,690	\$1,442	\$1,102	\$48	\$192	\$100	\$1,442	\$45,960	\$183,840	\$229,800
4	\$64,100	\$1,603	\$1,214	\$53	\$211	\$125	\$1,603	\$50,640	\$202,560	\$253,200
5	\$69,250	\$1,731	\$1,319	\$57	\$229	\$125	\$1,731	\$55,020	\$220,080	\$275,100
6	\$74,350	\$1,859	\$1,425	\$62	\$248	\$125	\$1,859	\$59,400	\$237,600	\$297,000

120% of Median Income: \$76,920

1	\$56,088	\$1,402	\$1,070	\$46	\$186	\$100	\$1,402	\$44,620	\$178,480	\$223,100
2	\$64,100	\$1,603	\$1,235	\$54	\$215	\$100	\$1,603	\$51,480	\$205,920	\$257,400
3	\$72,113	\$1,803	\$1,399	\$61	\$243	\$100	\$1,803	\$58,340	\$233,360	\$291,700
4	\$76,920	\$1,923	\$1,477	\$64	\$257	\$125	\$1,923	\$61,600	\$246,400	\$308,000
5	\$86,535	\$2,163	\$1,674	\$73	\$291	\$125	\$2,163	\$69,820	\$279,280	\$349,100
6	\$92,945	\$2,324	\$1,807	\$78	\$314	\$125	\$2,324	\$75,340	\$301,360	\$376,700

Assumptions

LTV	80%	Taxes	1% of affordable price
Interest Rate	6.00%	Insurance	.25 % of affordable price
Term	30 years	Source:	U.S. HUD-MFI 2005

Table Affordable Housing Levels: Placer County-2005**Very-Low Income 30% of Median Income \$19,230**

Household Size	Income	Amt Available for Housing	Principal & Interest	Property Insurance	Property Taxes	Mortgage Insurance	Total Cost	Down Payment	Mortgage	Affordable Price
1	\$13,461	\$337	\$247	\$10	\$38	\$43	\$337	\$4,575	\$41,175	\$45,750
2	\$15,384	\$385	\$282	\$11	\$44	\$49	\$385	\$5,220	\$46,980	\$52,200
3	\$17,307	\$433	\$317	\$12	\$49	\$55	\$433	\$5,873	\$52,853	\$58,725
4	\$19,230	\$481	\$352	\$14	\$54	\$61	\$481	\$6,525	\$58,725	\$65,250
5	\$20,768	\$519	\$380	\$15	\$59	\$66	\$520	\$7,047	\$63,423	\$70,470
6	\$22,307	\$558	\$408	\$16	\$63	\$71	\$558	\$7,569	\$68,121	\$75,690

Low-Income Households 50% of Median Income: \$32,040

1	\$22,435	\$561	\$410	\$16	\$63	\$71	\$561	\$7,600	\$68,400	\$76,000
2	\$25,640	\$641	\$469	\$18	\$72	\$81	\$641	\$8,686	\$78,171	\$86,857
3	\$28,845	\$721	\$527	\$20	\$81	\$92	\$721	\$9,771	\$87,943	\$97,714
4	\$32,040	\$801	\$586	\$23	\$90	\$102	\$800	\$10,854	\$97,684	\$108,538
5	\$34,614	\$865	\$633	\$24	\$98	\$110	\$865	\$11,726	\$105,531	\$117,257
6	\$37,178	\$929	\$680	\$26	\$105	\$118	\$929	\$12,594	\$113,349	\$125,943

Moderate Income 80% of Median Income: \$51,280

1	\$35,896	\$897	\$656	\$25	\$101	\$114	\$897	\$12,165	\$109,485	\$121,650
2	\$41,024	\$1,026	\$750	\$29	\$116	\$130	\$1,025	\$13,903	\$125,126	\$139,029
3	\$46,152	\$1,154	\$844	\$33	\$130	\$147	\$1,154	\$15,641	\$140,766	\$156,407
4	\$51,280	\$1,282	\$938	\$36	\$145	\$163	\$1,282	\$17,379	\$156,407	\$173,786
5	\$55,382	\$1,385	\$1,013	\$39	\$156	\$176	\$1,384	\$18,769	\$168,920	\$187,689
6	\$59,485	\$1,487	\$1,088	\$42	\$168	\$189	\$1,487	\$20,159	\$181,432	\$201,591

Median Family Income \$64,100

1	\$44,870	\$1,122	\$807	\$35	\$140	\$140	\$1,122	\$33,630	\$134,520	\$168,150
2	\$51,280	\$1,282	\$922	\$40	\$160	\$160	\$1,282	\$38,434	\$153,737	\$192,171
3	\$57,690	\$1,442	\$1,037	\$45	\$180	\$180	\$1,442	\$43,239	\$172,954	\$216,193
4	\$64,100	\$1,603	\$1,152	\$50	\$200	\$200	\$1,603	\$48,043	\$192,171	\$240,214
5	\$69,228	\$1,731	\$1,244	\$54	\$216	\$216	\$1,731	\$51,886	\$207,545	\$259,431
6	\$74,356	\$1,859	\$1,337	\$58	\$232	\$232	\$1,859	\$55,730	\$222,919	\$278,649

120% of Median Income \$76,920

1	\$56,088	\$1,402	\$1,008	\$44	\$175	\$175	\$1,402	\$42,040	\$168,160	\$210,200
2	\$64,100	\$1,603	\$1,152	\$50	\$200	\$200	\$1,603	\$48,046	\$192,183	\$240,229
3	\$72,113	\$1,803	\$1,296	\$56	\$225	\$225	\$1,803	\$54,051	\$216,206	\$270,257
4	\$76,920	\$1,923	\$1,383	\$60	\$240	\$240	\$1,923	\$57,655	\$230,619	\$288,274
5	\$86,535	\$2,163	\$1,556	\$68	\$270	\$270	\$2,164	\$64,862	\$259,447	\$324,309
6	\$92,945	\$2,324	\$1,671	\$73	\$290	\$290	\$2,324	\$69,666	\$278,665	\$348,331

Assumptions

LTV	90%	Taxes	1% of affordable price
Interest Rate	6.00%	Insurance	.25 % of affordable price
Term	30 years	Source: U.S. HUD-MFI 2005	
PMI	1.25% of mortgage		

Appendix: Rental Housing Costs and Maximum Rents

Table 6
Median Household Income and
Affordable Housing Costs and Maximum Rents
By Household Size Placer County:2004

Placer County	Household Size							
HUD Med. Inc. 2004	1	2	3	4	5	6	7	8
Median Income	\$44,870	\$51,280	\$57,690	\$64,100	\$69,228	\$74,356	\$79,484	\$84,612
80 percent	\$35,896	\$41,024	\$46,152	\$51,280	\$55,382	\$59,485	\$63,587	\$67,690
60 percent	\$26,940	\$30,780	\$34,620	\$38,460	\$41,520	\$44,640	\$47,700	\$50,760
50 percent	\$22,450	\$25,650	\$28,850	\$32,050	\$34,600	\$37,200	\$39,750	\$42,300
Affordable Housing Payment: Rent and Utilities*								
80 percent	\$897	\$1,026	\$1,154	\$1,282	\$1,385	\$1,487	\$1,590	\$1,692
60 percent	\$673	\$769	\$865	\$962	\$1,038	\$1,115	\$1,192	\$1,269
50 percent	\$561	\$641	\$721	\$801	\$865	\$929	\$994	\$1,058
Max. Rents	1bdr.	2bdr.	3bdr.	4bdr.	5bdr.			
80 percent	\$961	\$1,153	\$1,332	\$1,488	\$1,640			
60 percent	\$721	\$865	\$999	\$1,116	\$1,230			
50 percent	\$601	\$721	\$666	\$930	\$1,025			

Source: U.S. Department of Housing and Urban Development, 2004 HUD Notice PDR-2004-02 for 60% and 50% income levels. Affordable rents assumes 30 percent of income levels. Max. rents HUD Notice PDR-2004-02 and include utilities.

Table ____
Affordable Rental Housing Costs and Maximum Rents
Placer County 2004

Very-Low Income 30% of Median Income: \$19,230			
Household Size	Income	Affordable Rental Payment (Includes Rent and Utilities)	Maximum Rent
1	\$13,461	\$337	
2	\$15,384	\$385	
3	\$17,307	\$433	
4	\$19,230	\$481	
5	\$20,768	\$519	
6	\$22,307	\$558	
Low-Income Households 50% of Median Income: \$32,040			
1	\$22,435	\$561	\$601
2	\$25,640	\$641	\$721
3	\$28,845	\$721	\$666
4	\$32,040	\$801	\$930
5	\$34,614	\$865	\$1,025
6	\$37,178	\$929	
Moderate Income 80% of Median Income: \$51,280			
1	\$35,896	\$897	\$961
2	\$41,024	\$1,026	\$1,153
3	\$46,152	\$1,154	\$1,332
4	\$51,280	\$1,282	\$1,488
5	\$55,382	\$1,385	\$1,640
6	\$59,485	\$1,487	
Median Family Income: \$64,100			
1	\$44,870	\$1,122	
2	\$51,280	\$1,282	
3	\$57,690	\$1,442	
4	\$64,100	\$1,603	
5	\$69,228	\$1,731	
6	\$74,356	\$1,859	
120% of Median Income: \$76,920			
1	\$56,088	\$1,402	
2	\$64,100	\$1,603	
3	\$72,113	\$1,803	
4	\$76,920	\$1,923	
5	\$86,535	\$2,163	
6	\$92,945	\$2,324	

Source: U.S. Department of Housing and Urban Development, 2004 HUD Notice PDR-2004-02 for 60% and 50% income levels. Affordable rents assumes 30 percent of income levels. Max. rents HUD Notice PDR-2004-02 and include utilities.